

22/5 ANNUAL REPORT 2008/2009  
DATE : 19/05/2010  
AGENDA : COUNCIL MEETING: 27/05/2010

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REPORT : MUNICIPAL MANAGER

Attached please find the annual report for 2008/2009. The document is as a separate Annexure on the CD.

#### RECOMMENDATIONS

It is recommended that;

1. Council approves the annual report for 2008/2009.
2. That council pronounces itself on the report of the auditor general.
3. That the annual report be made public.

(FOR RECOMMENDATION TO COUNCIL)

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Minutes Exco Meeting: 20/04/2010

Cllr Zim proposed that the item be recommended to council as follows and was seconded by Cllr Lithebe.

#### RECOMMENDED:

1. That council approves the annual report for 2008/2009.
  2. That council pronounces itself on the report of the auditor general.
  3. That the annual report be made public.
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Minutes Council Meeting: 27/05/2010

Cllr Zim proposed that the matter be resolved as follows and was seconded by Cllr Lithebe.

#### RESOLVED:

1. That council approves the annual report for 2008/2009.
  2. That council pronounces itself on the report of the auditor general.
  3. That the annual report be made public.
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### Introduction by the Municipal Manager

The municipality's main planning instrument to guide its management and development is a five-year plan, the Integrated Development Plan. This plan is based on strategic focus areas of the municipality, namely:

- Institutional Development
- Infrastructure and Service Delivery
- Social Development; and
- Local Economic Development

The municipality has used the Service Delivery and Budget Implementation Plan 2008/2009 and the critical components of the balanced scorecard methodology to measure and report on its actual performance against output targets. In many instances, the municipality has not only met those stringent targets, but surpassed them.

This annual performance report also reflects on how the Council has been gearing up for the huge challenges and opportunities faced by the municipality in providing sustainable services to our communities. Some of the Council's key successes in the past financial year have included record capital expenditure, improved operational management and more services for the poor.

A record R 43 842 108,00 of the capital budget was spent projects on identified for the year 2008/2009. Major backlogs were addressed in water and sewerage systems, roads, solid waste removal and electricity distribution. Housing projects have progressed, while sports facilities, parks, libraries, clinics and halls have been maintained. The municipality has spent R 13 032 720 on free basic services for the poor. A Council financial assets register has been drawn up, and there has been major investment in repairs and maintenance.

We are rapidly building capacity where it is most needed. The operating budget was 167% spent, and we have focused on recruiting the right staff with the right skills, and placing them in the right positions to ensure long-term service delivery and customer satisfaction.

The Auditor-General has given a qualified audit, and the management is working very hard to address all those issues the Auditor-General has raised so as to receive an unqualified audit opinion.

Setsotho municipality was rated the best performing municipality for 2007/2008 financial year, and for this it was declared the provincial Vuna Awards winner and nominated to represent the Free State Province at the National Vuna Awards ceremony held in December 2008. Here the municipality was nominated in two key performance areas, Local Economic Development and Institutional Development, and it was declared joint winners on the Institutional Development key performance area.

This is an exciting time in the history of Setsotho, and I believe we are well placed for infrastructure-led, effective and efficient service provision and sustainable economic growth.

**KAU R S**  
MUNICIPAL MANAGER

## Strategic focus area 2: Infrastructure and service delivery

## 2.2 Water and Sewer Division

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
Bulk Water Supply	To ensure that water is made available to all Setsoto Residents. 48 Hours supply as per DWAF requirements	48 Hour supply as per DWAF requirement Current status: Ficksburg 28hrs Clocolan 48hrs Senekal 48hrs Marquard 48hrs		48 Hours supply as per DWAF requirement	48 Hours supply in Clocolan & Senekal 86 Hours supply in Marquard	48 Hours supply as per DWAF requirement	48 Hours supply in Clocolan & Senekal 86 Hours supply in Marquard	48 Hours supply as per DWAF requirement	48 Hours supply in Clocolan & Senekal 86 Hours supply in Marquard	48 Hours supply as per DWAF requirement	48 Hours supply in Clocolan & Senekal 86 Hours supply in Marquard	Business Plans submitted for the upgrading of infrastructure (Ficksburg) Status quo remains with Ficksburg on 12 hours
Water Purification	To ensure that enough water is purified for all the Setsoto Communities to acceptable and compliance	48 Hour supply. Current status: Ficksburg 28hrs Clocolan 48hrs Senekal 48hrs		48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	48 Hours supply as per DWAF requirement	Business Plans submitted for the upgrading of infrastructure Status Quo

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KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
	bucket systems in the short term	Year										
Sewer Treatment	To ensure that effluent discharged comply with DWAF requirements	Tests to comply with DWAF requirements		24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	

## Electricity, Roads and Storm water Division

KPA	Objectives	KPI	Baseline Indicator	Annual Target		Explanation of Variance
				Target	Actual	
Electricity Network	Ensure electricity made available to all Setsoto Residents where Setsoto is licensing authority	1.5km LV cable 50 x 1.5 Tar poles 400m 11KV cable	317km 50	11.5km 50 400m	305km 0 0	
Street lighting	Ensure sufficient illumination is supplied by street lights to acceptable standards	Move 200 street lights in townships	1234	200	105	
Electricity Network Maintenance	Develop Electricity Master Plan	Develop Plan	0	0 Apply for funding	0	
Street Light Maintenance	Street lights repaired	800	3202	800	699	
Network Maintenance	Service transformers	66	123	66	8	
Roads & Storm water Maintenance of Gravel roads	Ensure proper roads network throughout entire municipal area	80km	290km	80km	732km	
Build & construct new roads	To provide proper roads	2km	413km	2km	7.3km	



Maintenance of tar roads	Repair potholes Re-sealing of streets	146km	1238m	146km	132.5km	
Storm water network	Maintenance of gravel storm water channels	60 000m	738 000m	60 000m	68754	
	Paved channels	189km	252km	139km	281km	
Storm water Master Plan	Develop Storm Water Master plan	10km	200km	10km	121km	
			0	Apply for funding	0	

Strategic focus area 2: Infrastructure and service delivery - continue

## 2.3 Waste Management, Parks and Properties Division

KPA	Objectives	KPI	Baseline Indicator	Target		Timeframe	Explanation of Variance
				Planned	Actual		
To maintain park areas and pavements, cemetaries, community halls and sport facilities in a neat condition	The mowing of grass on park areas, pavements, open space, cemetaries and sport facilities	Priority areas like entrance to towns/townships, parks, cemetaries, ext. and municipal offices to be mowed at least twice a month	One to two times per month	Priority areas to be mowed twice a month, other areas once a month	Priority areas to be mowed twice a month, other areas once a month	Once in 3 weeks	No personnel to help with statistic/Admin
	To provide graves correctly prepared	To dig graves on a weekly basis	On demand	As demanded	Graves were prepared in advance	As demanded	
	To provide sport facilities / community halls correctly prepared	To prepare facilities to be ready for use	On demand	As demanded	facilities were prepared in advance	As demanded	
		Purchasing of new vehicles/ equipment (Capital budget)	3		0		Financial

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[illegible]

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	Purchasing of new vehicles/ equipment (Capital budget)		2 x LDV 2 x Mobile Compactor		Picksburg on 12 hours	provided with vehicle allowance
	3			0		Financial constrain
	5		2 x Tipper Trucks	0		
	1		1 x Front End Loader	0		
	2		Development of Transfer Station Marquard (Capital budget)	0		
	0		14 x Street refuse containers	14		
	80					

## Strategic focus area 3: Social Development

## 2.4 Human Settlement Division

Key performance area	Objective	Performance indicator (Unit of measurement)	Baseline	Target	Explanation of Variance
	No of existing informal housing / shacks	8988	628	Planned 8988 Actual 584	All the contractors who are building houses in Setsoto were appointed by the province and the municipality plays the facilitation role.
	No of people on the waiting list for RDP houses	8988	2435	6553	Potential beneficiaries prefer to register at their respective ward councilors and we struggle to get those lists from councilors to maintain and verify the waiting lists.
	No of new / un-serviced even available for building of houses (including RDP)	4237 new sites	987 new sites	3250 new sites 367 new sites	367 sites are approved and not yet serviced and allocated 18 sites are at Deeds Office for township Register 1154 sites are approved and surveyed 1110 sites are awaiting MEC approval 1000 sites could not be processed due to sewer outfall line.
	Cemeteries	To set aside 120 ha of land for cemeteries in the four units	33 ha	30 ha	The adjacent land to the existing cemetery in Ficksburg is not sufficient to accommodate the proposed expansion, hence a new area where the initial planning of 1000 residential sites was earmarked. The capacity of the existing cemeteries in other units is still sufficient. The actual extent of the oldest cemeteries that were utilized and closed could not be



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Availability of land for Township establishment	To acquire 1000 ha of land for Township Establishment	0	400 ha	0	determined No funding was committed by both Human Settlement of the FS Province and Land Affairs to purchase adjacent farms to accommodate new township establishment and address the integration principle. The actual extent of the township establishments in relation to townlands could not be confirmed and the office of surveyor general will assist in that regard.
Formal land development for middle and high cost housing development	To identify areas for new township development for middle and high income groups for 300 sites	50	300	0	An application for 60 sites is submitted to Township Board on the 29/06/2009
Commonages	Acquire 4000 ha of land	10705	350 ha	0	No funding was secured.
Incomplete low cost RDP houses excluding PHP	Facilitate the completion of incomplete RDP houses 409 excluding the PHP	409	409	225	The new allocation does not cover all the incomplete/unbuilt houses. The reconciliation of the affected houses will be sent to province for consideration.

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## Strategic focus area 4: Safety and Security

### 2.5 Protection Division

KPA	Objectives	KPI	BI	Target		Explanation of Variance
				Target	Actual	
Protection Services	Traffic and Law enforcement	Road blocks	14	14	16	
		Escort duty (hours)	388	480	456	
		Point duty (hours)	2412	2500	2300	
		Maintenance (Road Traffic signs & markings)	R 270 000.00	R 370 000.00	R 325 000.00	
		1x LDV	0	1	0	
		Radios for Vehicles	0	8	0	
		Speed equipment	2	8	0	
		5x and blue lights	8	5	5	
		Access control	0	4	1	
		Protection of personnel and municipal property	0	4	0	
Fire service	Fires and emergencies attended (eg: MVA, rescues) Response time to calls within 5 kilometres	4 x Metal Detectors	0	1	0	
		1 x Safe	0	13	0	
		13 x Radios	0	1	0	
		1 x LDV = 2 TON	0	1	0	
			336	636	636	
			15 minutes	15 MINUTES	15 minutes	

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Strategic focus area 5: Health, social and community development

## 2.6 Political Office

KEY PERFORMANCE AREAS	OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE INDICATOR	TARGET		TIMEFRAME	VARIANCE/ DEVIATION
				Planned	Actual		
Social Transformation (Special Programmes)	Awareness campaigns	Celebrations/ anniversaries	8	8	8	16/06/2009	
		To establish a well represented sports council in Setsoto	1	1	0	30/06/2009	Non-corporation among stakeholders
		HIV & AIDS structures	3	1	1	01/12/2008	
Good Governance		Revive Disabled Organizations	4	4	4	30/06/2009	
		Prepare quarterly reports to the Standing Committee	4	4		30/06/2009	
Institutional Development	Public Participation	1 Community meeting per month per ward	204	204	150	05/06/2009	Councillors are not submitting reports
		1 Ward Committee meeting per month per ward	204	204	150	30/06/2009	
		Capacity Workshops for ward committees	4	4	4	30/04/2009	
		Council meetings	4	4	4	29/05/2009	
		Special Council meetings		0	2	30/06/2009	Resignation of Sec 57 manager, salaries of Councillors

## Chapter 3: Human resources and other organisational matters

## Strategic Focus Area 4 – Good Governance and Institutional Development

## 3.2 Information Technology Unit

Key Performance Area	Objective	KPI	BI	Target Planned	Actual	Amount	Explanation of Variance
	Managed Internet Gateway Installation Installation of MIG Server	1	0	1	1	R2199.99	
	Installation of 1 Meg Uncapped ADSL Line Upgrade of Internet connection speed unlimited usage	1	1	1	1	R36336.00	
	Network Upgrade Installation Of Network Points Ground Floor	1	0	25	25	R45418.49	
	New Telephone Extensions Installation Of New Telephone Extensions Ground Floor	1	0	1	1	R6561.00	
	Software Updates Updating of Antivirus Software Keys	1	50	150	150	R69882.00	
	Pilot of Wireless Connection VPN Host Service Ficksburg VPN Endpoint Connection EXT6	1	0	1	1	R20000.04	
	Software Hardware & User Problems Attended Too	1	0	1	1	R8400.00	Lack of sufficient software knowledge from certain users. Unauthorised software downloaded on the system via internet or from personal software inappropriate use of the system, lack of care of the equipment
	Windows update – Service Pack 3 & Antivirus updates	50	50	150	92	Still in the process of updating	



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								<p>certain systems due to users not informing me timely that there software has expired.</p>	
		30	0	50	78			<p>PC's was only acquired in May 2009 and the installation and setup is still in process.</p>	
	Setup of new pc's								
	Upgrade of memory on councilors laptops to increase performance	33	0	33	23			Currently in the process of upgrading the laptops.	
	Documents/ Policies /Tenders /RFP's / Vacancies Placed on the Website	0	0	0	81				

## 3.2 Internal Audit Unit

## 3.2.1 INDEPENDENCY IN TERM OF IIA STANDARD

In terms of Standard 1110 of the International Standards for the Professional Practice of Internal Auditing, the internal audit activities were performed independently and without any influence from the management and other third party.

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
Good governance	To control and co-ordinate all audit activities of the Internal Audit Division to meet the strategic object of the Department	Revised audit policy that define the role and responsibilities of the Internal and External Auditors and Audit Committee. Develop and maintain the internal audit section's policies, methodologies and manuals (revised manual).	1	1	1	0	0	0	0	0	0	Shortage of staff
		Compiling operation coverage that will determine the focus and priority of auditable area	1	0	0	0	0	0	0	1	1	Audit activities are perform after the auditable entities have done their work. Two IA employees are on
		Producing reports that is in line with IIA standard (quarterly reports	1	7	0	5	9	4	5	0	0	Audit activities are perform after the auditable entities have done their work. Two IA employees are on

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KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
		& ad hoc reports)	4	1	0	1	2	1	1	1	0	maternity leave
		Preparing monthly status quo management reports on the activities of the unit v/s coverage plan (progress report)	2	0	0	1	0	0	1	1	1	Nonadherence of quarterly plan
		Register IA team to IIA as the member	1	2	4	2	0	0	0	0	0	
		Adopt the standards of Professional Practise of Internal Audit by signing declaration of independency and secrecy	4	2	1	1	1	1	1	1	1	
	To ensure effective and efficient operational management of relevant section and to provide effective value adding risk	Assessing institutional risks that appear in the risk register	1	0	0	0	1	0	0	0	0	

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KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
	assurance services to our clients											
		Monitor and interpret the Client Satisfaction Questionnaire results and needs in order to deliver an effective risk assurance	2	3	0	3	6	3	4	3	0	Non submission of questionnaire by auditable entities
		Maintain contact with key clients and consult advise or perform reviews when necessary or requested	3	1	1	2		1	0	1	1	
		Assist in completions of the risk treatment plan and risk register	1	0	0	0	0	0	2	0	0	
	Ensure that staff individual needs are identified and are contained in the personal development plan (Annual Individual Learning Plan)		5	0	0	0	0	0	0	5	5	
			1	0	0	0	0	0	0	1	1	



## 3.3 Administration and Support Division

Key Performance Area	KPI	RI	Revised Target	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter		Explanation of Variance
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Communication & IT Networks	Telecommunication Network											
	Print 1 set of accounts per month and distribute to all users	5	12	3	3	3	3	3	3	3	3	Target was achieved however we are still experiencing a frustration in respect of submissions and control by managers.
	Ensure deduction of personal calls	3	12	3	3	3	3	3	3	3	3	
	Electronic Document Management System	5	50	0	0	0	0	50	0	0	0	Provision made in Capital Budget for implementation of said projects was utilized by another department and processed through journal entries. This matter was reported to finance to rectify however funds were not available to implement systems.
Administration & Committee Services	Connecting 50 additional users to system	0	6	0	0	0	0	3	0	3	0	
	Printing 1 monthly report on usage and progress	0	1	0	0	0	0	1	0	0	0	
	Implementing a Central Fax Server in Ficksburg Unit											
	Delegation of Powers and Functions to ensure Reports	6	4	1	1	1	1	1	2	1	1	None.



Institutional Development	Finalisation and Promulgation of Bylaws with effective dates	0	9	5	0	0	0	0	0	Bylaws took effect on 1 December 2008 however implementation is still lacking in some departments.
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## 3.4 Human Resource Division

Key Performance Area	Indicator	Baseline	Target Planned	Actual	Explanation of Variance
Effective Personnel Management	Data Bank	3	3	3	Compliance with Collective Agreements (Part D, Section 1)
	Number of Data Bank documents submitted to the SALGBC	522	661	139	Non - Compliance to the Section 9, clause 9.3.1 of the Human Resource Policy Manual (HREM)
	Pension/Provident Funds (Membership)				Addits will be conducted to ensure that all members belong to a Pension Fund.
	Number of employees belonging to a Pension Fund				Family of the deceased did not submit complete information.
	Pension/Provident (Withdrawal Claims)	16	28	27	It is difficult for the institution to locate some family members of the deceased employees (change of address for those staying outside the jurisdiction of Setsoto Municipality)
	Number of terminations due to Resignation, Retirement, Disability/Ill-Health, Deceased and Dismissal				
	Medical Aid Scheme (Membership)	306	661	355	Non - adherence to Section 9.3.2 of the Human Resources Policy Manual (HREM)
	Number of employees belonging to a Medical Aid				To correct this, the institution should ensure that all employees belong to a Provident/Pension Fund approved SALGBC by the end of the financial year 2009/10.
					The process should be managed according to the stipulations of Section 9.3.2 of the HREM.

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Skills Development	Medical Aid Scheme (Window Period) Number of presentation to be conducted	1	1	1	2	Compliance to Section 4, clause 4.1.3 of the Main Collective Agreement
	Conduct Workplace Skills Audit Number of Skills Audit conducted	1	1	1	1	Compliance to Skills Development Act 1998 and Skills Development Levies Act of 1999
	Training Committee No of meetings conducted	2	12	12	2	Non availability of delegates Convenation of the of the Skills Development Act of 1998 It is imperative that the members of the Training committee collectively draft the schedule of activities for the Forum
	Number of monthly training reports submitted to LGSETA	12	12	12	12	Compliance to Skills Development Act Skills Development Levies Act and Skills Development Regulations of 2003
	No. of training interventions attended by employees	37	50	50	25	Insufficient funds from the training vote to implement trainings in the Workplace Skills Plan (WSP) In future all the training interventions that will be implemented are only those that are captured in the WSP
	No. Training interventions attended by Councilloirs. Internships	3	3	3	5	Acquired external funding to implement more programs Termination of contracts due to permanent employment for other institutions and deaths
	No. of learners enrolled in the graduate internship programme Bursaries	0	108	108	100	External funding by LGSETA
	No. of LGSETA-funded bursaries allocated to the employees Skills programmes	7	7	7	7	Insufficient funds from the training vote Institution should apply for more discretionary grants from LGSETA in order to implement more skills programmes Implementation of accredited and planned training captured in the WSP, the municipality qualifies for mandatory grants
	Number of Skills Programme to be implemented	19	12	12	7	Submission of monthly reports made the municipality to receive more grants than anticipated
	Grant recoupment (Mandatory grants) to be received from LGSETA	R200 000.00	R139 800.00	R139 800.00	R277 603.00	



Employment Equity	Employment Equity Forum (EEF)					1	4	1	Non-availability of delegates. Non-adherence of the Employment Equity Act
	Number of meetings to discuss employment equity related matters								It is imperative that the members of the EEF collectively draft the schedule of activities for the Forum. Compliance to the Employment Equity Act of 1998.
	Awareness Campaign					4	4	4	
	Number of awareness campaign conducted					1	1	1	Compliance to the Employment Equity Act of 1998.
	Number of EEA1 Forms completed					1	1	1	Compliance to the Employment Equity Act of 1998.
	Number of EEA 2 & EEA 4 Forms					1	1	1	Compliance to the Employment Equity Act of 1998.
	Number of submission of the EEA 2 & EEA 4 forms to Employment Equity Registry					1	1	1	Compliance to the Employment Equity Act of 1998.
	% of PDI employees within the municipality			97%			98%	95.48%	Slow recruitment process of the Previously Disadvantaged individuals (PDI's). Non-adherence to the Employment Equity Plan of the municipality In future all the recruitment of the Previously Disadvantaged individuals will be in line with Employment Equity Plan (EEP) High mortality rate
	% of females within the municipality			35%			45%	28.67%	Slow recruitment of females in the institution as aligned to the Employment Equity Plan (EEP)
	% of males within the municipality			65%			55%	71.33%	Over representation of males in the institution.
	% of differently disabled employees within the municipality			1.6%			2%	1.27%	Non-adherence to the recruitment process as highlighted in the Employment Equity Plan (EEP) of the municipality. Slow recruitment of disabled persons in the institution. Non-adherence to the Employment Equity Plan of the municipality

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Occupational Health and Safety	Inspection of Sites Number of sites inspections conducted	4	4	1	Lack of funding for training of Health and Safety Reps; Lack of resources. Appointment letters of Safety Reps not signed by Management. Non compliance of Health and Safety Act
	Number of reports submitted to the Management and the LIF Health and Safety Committee	1	4	1	Non-compliance to the Health and Safety Act of 1993
	Number of meetings held to discuss all health and safety matters	1	4	3	Appointment letters of Safety Reps not signed by Management Lack of funding for training of Health and Safety Reps It is imperative that the members of the members of the committee draft the schedule of activities for the Forum.
Labour/ Discipline	Local Labour Forum	4	12	8	Unavailability of delegates
	Number of the Local Labour Forum (LLF) meetings held to discuss all labour related matters				It is imperative that the members of the LLF collectively draft the schedule of activities for the Forum.
	Collective Agreements	1	1	1	Compliance to the Collective Agreements and Code of Conduct
	Number of awareness campaigns conducted across all the units Discipline Number of cases concluded	5	18	13	Due to the revised target there were newly reported cases and concluded cases. Unavailability of witnesses

## Financial Viability

## 3.5 Income, Budget and Financial Statements Division

Objectives	Indicator	Baseline	Target		Variation	Explanation of Variance
			Planned	Actual		
Compile the budget 10 months prior to the start of the financial year	To start the budget process by 31 August 2008	1	1	1	0	The budget timeliness were submitted in line with the MFMA
To ensure that the budget is approved at least 30 days before the start of the financial year	To ensure that the budget is approved 31 May 2009	1	1	1	0	The budget was approved
To compile financial statements within 12 months after year end in line with prescribed framework (e.g. GRAP/GAMAP)	To compile the financial statements by 31 August 2008	1	1	1	0	The financial statements were completed and signed-off by the Municipal Manager on the 28 <sup>th</sup> of August 2008
To report monthly on the performance of the budget in terms section 71 of the MFMA	To report within a 10 days after the end of each month	12	12	12	0	The reports were complemented by the 10 <sup>th</sup> working days as per the requirements of the MFMA
To ensure that the municipality complies with GRAP/GAMAP standards for the financial year 2008/09 in terms of Treasury regulations	To ensure that the municipality complies with the GRAP/GAMAP standards reporting requirements for the financial year 2007/08	0	1	1	0	The municipality was granted exemption in terms of government gazette 30013
To send midyear report on the performance of the budget in terms of the MFMA	To submit a midyear assessment report reflecting the past 6 months performance	1	1	1	0	The midyear report was submitted as per the requirements of the MFMA
To ensure that council resolutions are implemented accordingly or as stipulated	To ensure that every Thursday meeting are held with HOD's and that council resolutions are distributed accordingly within 7 days of the council meeting.	52	52	12	40	The CFO position was vacant

To ensure that every customer receives an account on a monthly basis	Number of Accounts sent out, delivered and returned	399172	483912	410113	73789	Accounts which are returned as a result of wrong addresses, names, fly by nights. The wrong information that is on the system and the effect of zero and closed accounts
To ensure that every customer billing pay within the stipulated period	% of revenue collected for each month	80%	90%	57.53%	32.47%	4 x vacant positions in credit control. Consumers qualifying for indigent subsidy not registering
To ensure that accounting and safekeeping of cash is in line with the policy and any prescribed framework and is banked on a daily basis	Cash is fully banked on a daily basis	248	248	1225	29	Lack of transport and proper cash in transit mechanism to in 2 units Hloholwane ext. 6, Mqheleng & Ficksburg
To ensure that accounts sent out are free from errors and that customer queries are resolved amicably	To resolve a customer query within 14 Days Response time - days	188	120	84	45	The processing of debit notes and credit notes should be processed before the next debtors run so that the account printed for the following month is correct



## 3.6 Expenditure Division

Objectives	Indicator	Baseline	Target		Variance	Explanation of Variance
			Planned	Actual		
Process insurance claims within 30 days on occurrence of event and on receipt of all relevant documentation	To ensure that all insurance claims are processed within 30 days on receipt of all relevant documentation	360	360	360	0	The insurance claims are submitted immediately after all the relevant documentation is received.
Payments of salaries and allowances for personnel & councillors	To ensure that all salary payments are made before or on the 25 <sup>th</sup> of every month	12	12	12	0	The average date for the payment of salaries is the 22 <sup>nd</sup> of each month
Payments to third parties for salary related deductions	To ensure that all salary related payments are made before or on the 7 <sup>th</sup> of every month	12	12	12	0	The average date for payments to third parties is on the 28 <sup>th</sup> of each month before the actual due date
To ensure that every creditor is paid within 30 days of receipt of the invoice in terms of the MFMA	To ensure that every creditor receives a payment within 30 Days on receipt of invoice	408	360	180	180	When all the relevant information is received processing of payment becomes faster

Objectives	PERFORMANCE INDICATOR	Base-line	Target		Variance	Explanation of Variance
			Planned	Actual		
Analysing and identification of municipal needs in terms of goods & services to be procured (Demand Management)	To ensure that requested goods / services are procured within 21 days on receipt of approved documents	252	180	120	60	The quick response received from suppliers in terms of submission quotations
Procuring goods / services in manner prescribed by SCM Policy & MFMA (Acquisition Management)	To ensure that procurement of goods / services is accordance with thresholds stipulated in the SCM Policy and SCM regulations. I.e: R 1 - R 5000; R 5001 - R 20 000; Where there are deviation reports were submitted as per Supply chain management policy	100%	100%	100%	0	The supply chain management policy was followed accordingly and where there were deviations they were reported

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Disposal of goods is in line with SCM Policy and MFMA (Logistics / Disposal)	To ensure that disposal of goods / assets is in accordance with the SCM Policy and MFMA	0	0	0	0	There were no disposal of goods and services during the current financial year under review
--	---	---	---	---	---	---

### 3.7 Governance and Institutional Arrangements

In terms of Section 18(2) of the Municipal Structures Act, Act 117 of 1998 a municipal Council must have 1 meeting quarterly furthermore, 1 Exco Meeting every month was planned in terms of the year plan. The Admin Division was able to ensure that these meetings materialize to the extent that a total of 11 Council (including Special Council) Meetings and 14 Exco Meetings were held for the period 1 July 2008 to 30 June 2009.

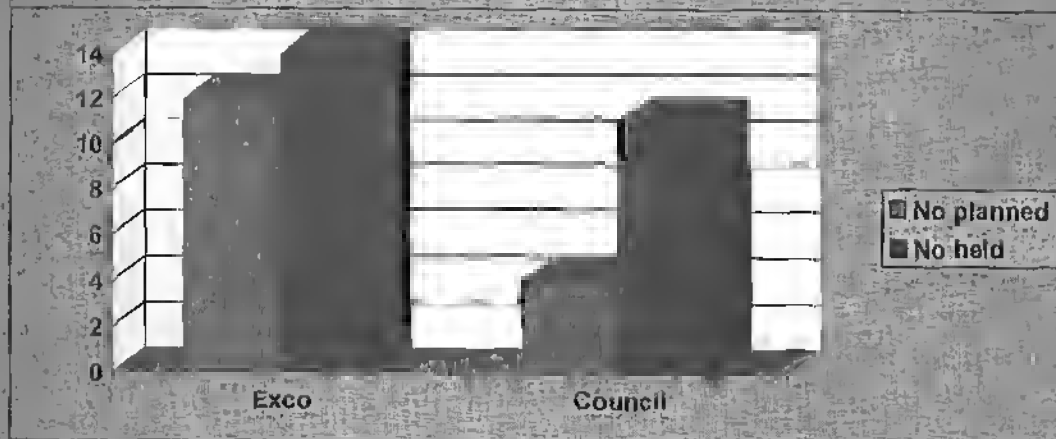


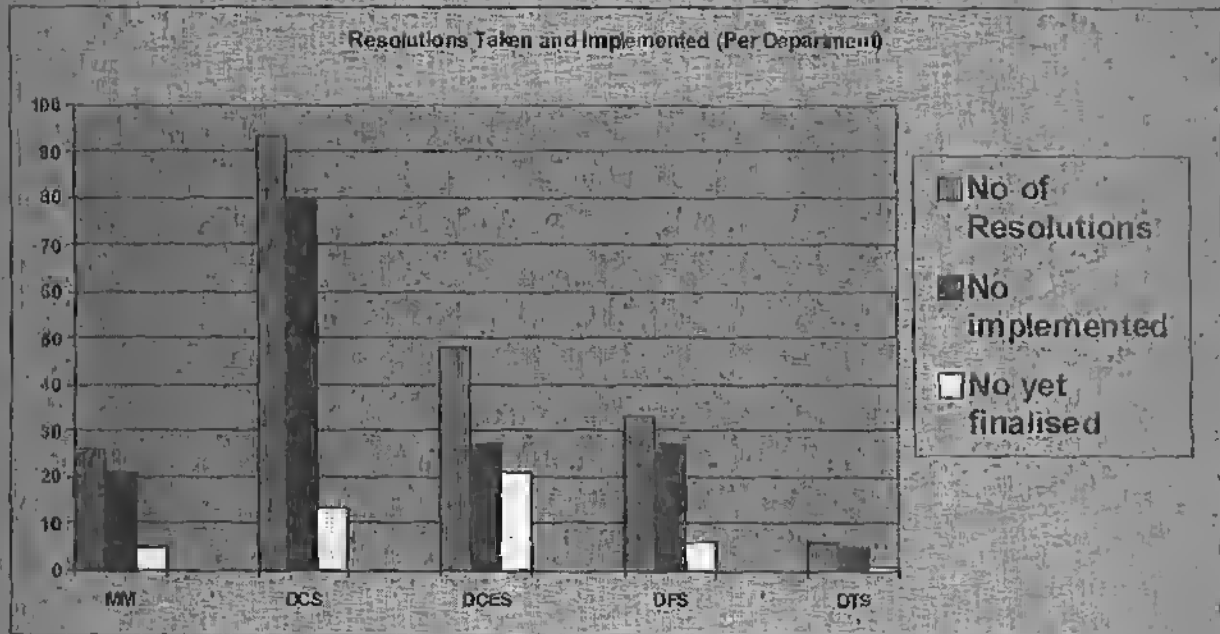
Figure 1: Council and Exco Meetings

Resolutions are distributed after every Council and Exco Meeting for implementation together with a Progress Report. Different Departments are required to report on implementation progress and the report is then presented in the next Executive Committee or Council Meeting for Council to be fully aware of the progress made in respect of Implementation of Resolutions.

A total of 140 Resolutions were taken by Exco and Council of which 105 have been fully implemented. A breakdown of these resolutions per department is set out as follows:

DEPARTMENT	TOTAL RESOLUTIONS	TOTAL IMPLEMENTED	TOTAL OUTSTANDING	% IMPLEMENTED
MM/OFFICE	26	21	5	80.76%
DCS	93	80	13	86.02%
DCES	48	27	21	56.25%
DFS	33	27	6	81.81%
DTS	6	5	1	83.33%
	206	160	46	77.67%

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## 3.8 Section 79 Portfolio Committees and Chairpersons

### EXCO MEMBERS

Councillors	Officials
Cllr. M. Maduna (Mayor)	Mr. R.S. Kau
Cllr. T. Zim	Mr. M.C. Mabuya
Cllr. E. Strydom	Me. M.M. Molete
Cllr. T. Tsolo	Me. S. Mihailescu (Secretariat)
Cllr. M. Lithebe	Mr. M.G. Lebone
Cllr. R. Lichakane	Me. M. Moeng
Cllr. L. Oljohi	

### FINANCE COMMITTEE

Councillors	Officials
Cllr. Oljohi (Chairperson)	Mr. Mabuya
Cllr. Marwick	Mr. Matsie
Cllr. Sefuthi	Me. Thakanyane (Secretariat)
Cllr. Tsosela	Mr. N. Van Tonder
Cllr. Mohlomi	

### INFRASTRUCTURE AND PLANNING

Councillors	Officials
Cllr. Lithebe (Chairperson)	Mr. Kohrs
Cllr. Mzizi	Mr. Addinalli
Cllr. Nakasi	Mr. Tjeru
Cllr. Mtiso	Me. Viljoen
Cllr. Motsamai	Mr. Mokhetloa
	Me. Motloung (Secretariat)

# ANNUAL REPORT 2008/2009

## ADMIN AND HUMAN RESOURCES STANDING COMMITTEE

Councillors	Officials
Cllr. Zim (Chairperson)	Me. Mihailescu
Cllr. Bester	Mr. M. Lebone (Secretariat)
Cllr. Constable	Me. Moeng
Cllr. Malebo	Mr. Skosana
Cllr. Mthimkulu	Me. Giba
	Mr. Hlongwane
	Mr. Tsautse
	Mr. Mohale

## SOCIAL AND ECONOMIC DEVELOPMENT

Councillors	Officials
Cllr. Tsolo (Chairperson)	Me. Moete
Cllr. Maphisa	Me. Monare
Cllr. Du Toit	Me. Lira
Cllr. Khopu	Me. Lecheko (Secretariat)
	Mr. Phara
	Mr. Zongo
	Mr. Motlohele

## COMMUNITY SERVICES

Councillors	Officials
Cllr. Strydom (Chairperson)	Me. Moete
Cllr. Makhahanyane	Me. S. Lebone (Secretariat)
Cllr. Motsei	Mr. Du Preez
Cllr. Mohapi	Mr. Van Der Merwe
Cllr. Makara	Mr. Mosholl

## URBAN PLANNING AND HOUSING

Councillors	Officials
Cllr. Lichakane (Chairperson)	Mr. J. Koalane
Cllr. Makae	Mr. J. Gwamanda
Cllr. Coetzer	Mr. M. Mathe
Cllr. Nketoane	Mr. L. Motleng (Secretariat)
Cllr. Koalane	
Cllr. Mokhuoane	

Chapter 4: Financial Statements and related information



SETSOTO LOCAL MUNICIPALITY

FINANCIAL STATEMENTS 2008/2009

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**General information****Members of the Council**

Cllr M S Maduna

Cllr T B Jakobo

Cllr R S Lichakane

Cllr L E Ojjo

Cllr M Lithebe

Cllr T J Tsolo

Cllr E P Strydom

Cllr T D Zim

Cllr T A Tsoaela

Cllr A C Bester

Cllr M L Mchinkulu

Cllr M D Motsei

Cllr R D Khopu

Cllr M L Mzizi

Cllr D L Mohapi

Cllr M N Sefuthi

Cllr K E Koalane

Cllr T G Makhanyane

Cllr M D Malebo

Cllr S M Constable

Cllr R R Makara

Cllr K S Mokhuoane

Cllr M M Maphisa

Cllr W H Coetzer

Cllr M P Mohlomi

Cllr T E Makae

Cllr T M Muso

**Mayor****Speaker**

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member



## ANNUAL REPORT 2008/2009

Cllr M Nketoane	Member
Cllr Dr C P Marwick	Member
Cllr M J Motsamai	Member
Cllr B J du Toit	Member
Cllr M C Nakasi	Member
Cllr M M Mpati	Member - Died on 2008/11/06

### Municipal Manager

R S Kall

### Chief Financial Officer

M C Mabuya

### Grading of Local Authority

Grade 6

### Auditors

Auditor-General of South Africa

### Bankers

First National Bank

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**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

General information (continued)

Registered Office: SETSOTO LOCAL MUNICIPALITY

Physical address:  
27 Voortrekker Street  
FICKSBURG  
9730

Postal address:  
P.O.Box 116  
FICKSBURG  
9730

Telephone number: (051) 933 9300

Fax number: (051) 933 9343

E-mail address: [manager@setsoto.co.za](mailto:manager@setsoto.co.za)

ANNUAL REPORT 2008/2009

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 43, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

R S Kau

6/31/2009

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
 for the year ended 30 June 2009

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# ANNUAL REPORT 2008/2009

## SETSOTO LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION

as at 30 June 2009

Note 3

2009

2008

R

R

### ASSETS

#### Current assets

Cash and cash equivalents	1	1 484 038	5 918 002
Trade and other receivables from exchange transactions	2	125 085 403	77 513 246
Other receivables from non-exchange transactions	3	1 310 954	707 322
Interests	4	573 639	55 072
Investments	5	868 338	1 043 476
Current portion of receivables	6	3 573	3 573
VAT receivable	12	1 048 497	2 376 738

#### Non-current assets

Non-current receivables	16	15 584	15 457
Investments	7	1 045 353	1 542 038
Property, plant and equipment	8	326 751 686	297 486 735

#### Total assets

482 876 141

386 577 050

### LIABILITIES

#### Current liabilities

Trade and other payables from exchange transactions	9	15 721 694	16 493 650
Consumer deposits	10	1 851 861	1 716 615
VAT payable	11	15 872 044	13 573 503
Guarantee provision	13	1 251 382	1 212 384
Bank overdraft	1	18 025 593	10 307 200
Current portion of unspent conditional grants and transfers	14	16 441 725	24 672 390
Current portion of borrowings	15	1 193 220	3 211 168
Current portion of finance lease liability	16	1 399 247	1 093 310

#### Non-current liabilities

Non-current borrowings	15	34 815 615	17 982 024
Non-current finance lease liability	16	8 243 308	5 984 067
Non-current provisions	17	1 201 858	1 172 513

#### Total liabilities

101 660 748

100 544 965

# ANNUAL REPORT 2008/2009

Net assets	351,195,430	286,032,065
NET ASSETS		
Multi-asset Development Fund	271,810	271,810
Accumulated surplus/(deficit)	350,923,620	285,760,255
Total net assets	351,195,430	286,032,065

# ANNUAL REPORT 2008/2009

## SETSOTO LOCAL MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2009

	Note	2009 R	2008 R
<b>Revenue</b>			
Property rates	18	22,620,321	22,787,697
Service charges	19	81,654,469	67,210,480
Rental of facilities and equipment	20	691,288	549,645
Interest earned - external investments	21	934,400	2,665,725
Interest earned - outstanding receivables	22	13,403,254	14,428,958
Fines		235,823	200,407
Licences and permits		9,330	430
Government grants and subsidies	23	120,667,313	198,237,909
Other income	24	2,325,445	4,807,881
<b>Total revenue</b>		<b>248,531,642</b>	<b>310,880,971</b>
<b>Expenses</b>			
Employee related costs	25	70,836,114	64,923,272
Remuneration of councillors	26	6,921,702	6,505,073
Bad debts		20,800,000	11,810,575
Depreciation and amortisation expense	27	25,845,419	15,589,451
Repairs and maintenance		9,989,284	7,009,852
Finance costs	28	4,178,788	4,654,748
Bulk purchases	29	19,327,475	14,775,478
Grants and subsidies paid	30	13,032,720	9,542,219
General expenses	31	32,351,704	28,821,334
<b>Total expenses</b>		<b>202,484,206</b>	<b>163,631,952</b>
Gain / (loss) on sale of assets	32		252,910
<b>Surplus / (deficit) for the period</b>		<b>46,047,436</b>	<b>147,509,930</b>